

Leaving PERF-Covered Employment

Indiana Public Employees' Retirement Fund

Will I lose my PERF account when I leave my job?

There are two parts to the PERF benefit structure.

The first part is the **Annuity Savings Account (ASA)**. This money is yours. There are requirements for withdrawing this money, but leaving your PERF-covered job does not reduce or eliminate this benefit. The second part is the **pension benefit**. To be eligible for a pension when you retire, you must meet certain age requirements and be vested.

How do I know if I'm vested?

Vested in the PERF plan means that a member has at least 10 years of PERF-covered service. You earn service by working in a PERF-covered position, but may also be eligible for service credit if you have military service leave or other authorized leaves. Information about service is available on the Web site or in the *PERF Member Handbook*, which is available at www.perf.in.gov. Members also receive an annual member statement detailing service credit. If you are thinking of leaving employment or retiring

and have between nine and 11 years of service credit, you may wish to check with PERF to verify your actual vested status.

Can I leave my money invested in PERF if I am not working in a PERF-covered position?

Yes! The funds in your ASA belong to you even if you are no longer working in a PERF-covered position. You are under no obligation to take a distribution before you reach 70 1/2 years of age. You will not be able to contribute any more money to your account if you are not in a PERF-covered position, but you will be able to remain in any of PERF's current investment options. You will also continue to receive quarterly statements and be able to change your investment option choices. If you are not vested and you do not return to PERF-covered employment within 10 years, your investments in the Guaranteed Fund will no longer earn interest. If you are vested, you can simply remain invested in PERF until you apply for retirement. Your PERF account will be available whenever you choose a distribution.

Leaving PERF-covered employment does NOT mean you leave PERF!

You do have options with your PERF account. The choices you make can have a big impact on your later years. This fact sheet explains these choices and how each might impact your life. If you have questions, please contact PERF.

Will PERF ever lose track of where I am?

After you leave PERF-covered employment, PERF no longer receives contributions or wage reports for you. PERF maintains all the information related to your account and reports from your employer(s) in member files. You should receive a quarterly statement (every three months) with the details of your ASA investments and an annual statement (yearly) with the details of your wages and service. Unfortunately, members often forget to tell PERF when they move or experience a life change that might require them to name a new beneficiary.

Regardless of whether you are currently employed in a PERF-

covered position, you have the responsibility of keeping your personal information up-to-date. If you have not received a quarterly statement within the past four months, please contact PERF to get a change of address form or change your address using PERF Online at www.perf.in.gov. Be sure the beneficiary named in your account is the person you intend.

ABOUT DISTRIBUTIONS *Can I withdraw my ASA?*

When you leave PERF-covered employment before retirement, you may be tempted to take a distribution of your ASA. Although taking a distribution may give you money to cover

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Continued Information on Leaving PERF-Covered Employment

immediate expenses, you may end up walking away with less than expected. ***If you are under age 59 1/2 when you leave employment and take a distribution, you may be required to pay an additional 10 percent tax unless you qualify for certain exemptions set forth by the Internal Revenue Service.*** Before you receive the money, PERF must also withhold 20 percent as pre-payment of your current year's federal income tax. Depending on your income tax bracket, you could owe additional taxes on your total income at tax time.

If I take an ASA distribution, do I still get a pension?

The law recently changed to allow members to withdraw the entire amount of their Annuity Savings Account and still receive their pension when retirement eligible. A member is eligible to withdraw their ASA and not lose their pension if they are vested, terminate their employment after Dec. 31, 2008, and do not perform service in a PERF-covered position for at least 90 days after terminating their employment. Once you are vested and meet eligibility requirements, you will receive a pension check every month after you retire ***for the rest of your life!*** If you are not vested you will not qualify for a pension benefit.

How do I get a distribution of my ASA?

You must submit a distribution application to PERF after separating from employment. Forms are available on PERF's Web site, www.perf.in.gov, or by mail. You must choose whether to take your ASA as a single cash distribution or roll it over into another qualified retirement account. Some of your ASA contributions may have been made with money you have already paid taxes on (post-tax) and some contributions may have been made before taxes were paid (pre-tax). The application includes further explanations. You may wish to speak with a tax advisor before making your distribution choices.

What is a rollover distribution and how do I take it?

Rather than take a cash distribution of your ASA, you can roll money into a qualified retirement account outside of PERF, such as an IRA or certain employer retirement plans. (Your funds are not reduced by taxes or penalties.) Consult with your tax advisor for further information on taxes.

ABOUT RETIREMENT

How do I apply for my retirement benefits?

Retirement from PERF means you receive a monthly pension benefit payment. You can apply for full PERF retirement benefits

if you have at least 10 years of service and are at least age 65 or are at least age 60 with 15 years of service. You may also apply for full benefits if you meet the Rule of 85, which requires that a member's age and years of service total 85. To qualify under the Rule of 85, you must be ***at least age 55 with 30 years of service.*** If you have 15 years of service and are age 50 through 59, you are eligible for a reduced benefit amount. The amount of the reduction is a percentage of the full amount based on your age and years of service at retirement. See the *PERF Member Handbook* for more details.

PERF must verify service with all of a member's past PERF employers; therefore, processing your retirement application will take time. **Submit your application no later than 90 days prior to your retirement date.** PERF cannot process your application until all information from you and your employer(s) is submitted. The first payment will include any retroactive benefits owed. For more information, go to PERF's Web site and click on *Bridge to Retirement*.

If you are not old enough to retire when you leave PERF-covered employment but are vested, you do not need to do anything. Your PERF benefits will be there when you reach

retirement age, even if you never return to PERF-covered service.

What do I do if I have recently become disabled?

To qualify for a PERF disability retirement, you must have at least five years of creditable service and qualify for Social Security benefits. A member who becomes disabled while receiving a salary or employer provided income protection benefits, or who is on leave under the Family and Medical Leave Act, is entitled to receive benefits effective the month following the Social Security disability onset date.

When applying for benefits, you will be required to provide PERF with a Social Security Disability Award Letter which **must show** the onset date of your disability. PERF cannot process your disability without this information. Qualified members will be entitled to receive PERF disability benefits for as long as they continue to be eligible for Social Security disability benefits. You are required to notify PERF if your Social Security disability benefits are terminated.

What do I do now? Remember that you can fill out applications in advance, but you are not actually eligible to receive any PERF benefit (retirement or distribution) until after your last wage earning day with your PERF employer. PERF distributions always require some information that must be supplied by that employer. For further information and assistance, check the Web site, www.perf.in.gov, or call customer service toll-free, (888) 526-1687.